

Subject: Veterans Affairs
Guidance for Borrowers Affected by COVID-19

Bulletin Date: April 1, 2020

VA Employment and Underwriting Guidance – COVID-19

The Department of Veterans Affairs (VA) has issued [Circular 26-20-10](#) providing temporary guidance for borrowers affected by COVID-19. The following can be implemented for all loans closed on, or after March 27, 2020 and will remain in place until further notice.

Income Verification Guidelines

loanDepot must attempt to satisfy the VA requirements for Verification of Employment (VOE) as outlined in the VA Lenders Handbook, Chapter 4-Credit Underwriting.

However, VA will now allow the following documentation in lieu of the VOE:

- Employment and income verification from third-party services may be utilized
 - Additional fees associated with these services cannot be charged to the Veteran
- Employment and income verification that cannot be obtained from the third-party services may use Alternative Sources of Validation:
 - Evidence of direct deposit from a bank statement, and
 - Paystubs covering at least one full month of employment within 30 days of the closing date.

Note: The payment amounts between the paystubs and direct deposits listed on the bank statement must be reconciled.

- If the above Alternative Sources of Validation cannot be obtained:
 - Minimum 2 months cash reserves PITI is required.

Note: loanDepot must document the effort to obtain the VOE in the Correspondence section of WebLGY.

The Underwriter must comment on the VA Form 26-6393, Loan Analysis box 47 remarks section when the above Alternative Sources of Validation and/or cash reserves options are being utilized.

Underwriting Loans

When the borrower is impacted during the COVID-19 period (i.e. furlough, curtailment of income, etc.), VA does not consider that period as a break in employment or income as long as the borrower has returned (or anticipated return) to work in the same capacity and income levels. A copy of the furlough letter must be provided as supporting documentation, if applicable.